

Hospital –physician relationships

ISSUE: As the Commission considers Medicare’s role in catalyzing delivery system reform, it is important to be mindful of current market dynamics, particularly with respect to the relationships between hospitals and physicians. These relationships offer a window into what payment incentives are operating, what motivates stakeholders, and what problems we must address to improve value.

KEY POINTS: This paper explores two types of relationships between hospitals and physicians: collaboration and competition. A mix of collaboration and competition between hospitals and physicians is a desirable dynamic if providers are rewarded for delivering care that improves value. However, the prevalence of fee-for-service payment combined with several aspects of the current market environment have heightened concern that certain of these financial arrangements, rather than patient needs, are driving some of the volume of care delivered.

ACTION: Commissioners should provide feedback on content and tone.

STAFF CONTACT: Anne Mutti (202-220-3744), Zach Gaumer (202-220-3702)